

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1957 - HB 2040

February 9, 2020

**SUMMARY OF BILL:** Authorizes Industrial Development Corporations (IDCs) to purchase, lease, or otherwise improve motels or apartment buildings associated with a tourism attraction involving an aggregate amount of public and private investment exceeding \$75,000,000.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – The extent and timing of any fiscal impact to local government expenditures and revenue cannot reasonably be determined; however any fiscal impact will be permissive.**

Assumptions:

- Pursuant to Tenn. Code Ann. § 7-53-302 and § 7-53-101(15)(E), IDCs have the power to:
  - Acquire, improve, maintain, sell, or lease to others one or more projects, including all real and personal properties in connection with such projects; however, but for certain exceptions, IDCs are prohibited from purchasing or acquiring hotels, motels, and apartment buildings; and
  - Acquire, improve, maintain, sell, or lease to others hotels, convention center facilities, mixed use facilities, restaurants, and other tourism amenities constructed or acquired as a part of a tourism attraction involving an aggregate investment of public and private funds in excess of \$75,000,000.
- The proposed language would authorize IDCs to purchase or acquire motels and apartment buildings which are constructed or acquired as a part of such tourism attractions.
- Pursuant to Tenn. Code Ann. § 67-5-201, in the event ownership of real property that has previously been subject to assessment and property taxation is conveyed or transferred to a tax exempt entity, such as an IDC, the property is rendered exempt from property taxation.
- Due to multiple unknown factors such as if applicable motels and apartment buildings are purchased or acquired by gift or exchange, the extent of any purchase price of such properties, if such properties were previously subject to property taxation, the extent of any decrease in property tax revenue due to the property becoming tax exempt, the extent of any revenue realized upon future sale or lease of such property by the IDC to others, and the timing of any acquisition of such property, a precise impact to local expenditures and revenue cannot reasonably be determined but is considered permissive.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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